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CENTRAL INTELLIGENCE AGENCY
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CURRENT SITUATION IN SOUTH VIETNAM

1. Position of Premier Diem

Premier Diem admittedly has serious limitations as a practical politician. His predicament in dealing with the Binh Xuyen and his current difficulties in holding and attracting able and respected men in his government, however, go beyond this and are primarily a reflection of:

a. French opposition to his regime, particularly the Expeditionary Corps' blocking action since the initial clash with the Binh Xuyen.

b. Resultant inability of government to check Binh Xuyen terrorism, leading to reluctance of potential Diem allies to expose themselves to kidnapping or murder.

c. Widespread belief that US may be on point of withdrawing support from Diem.

The actual politico-military balance of forces in Vietnam has changed little, if any, during the present crisis. Notwithstanding the provocative acts of the Binh Xuyen in the past several days, the government remains militarily stronger than its opposition. It retains, if the French stand aside, the capability of driving the Binh Xuyen out of Saigon, although such an operation might lead to considerable destruction and bloodshed. In this regard, however, the Binh Xuyen's important economic interests in the Saigon area--from bus companies to brothels--would tend to dissuade it from engaging in a destructive civil war. It is not likely that the unpopular Binh Xuyen could form the nucleus for a popular resistance movement.

In this situation Diem's ability to attract capable men, never strong owing to his inflexibility and lack of administrative skill, has been further diminished, but there is no reason to alter the estimate that Diem still has more popular nationalist appeal than any other prospective leader in South Vietnam. None of the alternative candidates is known to have even a small fraction of the mass appeal which Diem has

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demonstrated. Aside from intermittent clashes with Hoa Hao elements in western Cochinchina, no serious non-Communist political or military opposition to the government has developed outside Saigon.

Diem has declared himself willing to abide by the decision of a national assembly elected within the next few months. He states that he will choose for his colleagues men whose ideas are close to his own; he is opposed to "compromise." He is unwilling to accept any formula designed to end the current impasse which would deny him the right to select his own cabinet.

No single serious defection to the opposition has occurred during the past two weeks (excluding possibly Bao Dai). Organized political opposition to Diem in the form of a "Committee for Conciliation" appears to be largely the work of opportunists who have worked with the French in the past, including Binh Xuyen and Hoa Hao figures.

2. Position of the Vietnamese "intellectuals"

The government-Binh Xuyen crisis has resulted in a parting of the ways between Diem and certain intellectual nationalists who had previously been among his actual or potential supporters. Capable and respected Vietnamese have criticized Diem's uncompromising attitude toward any point of view different from his own and his allegedly bellicose attitude toward the Binh Xuyen. Aside from certain sect members whose cabinet status was largely nominal, however, only one man, Defense Minister Ho Thong Minh, has definitely left the government. Foreign Minister Tran Van Do and two of his close associates have submitted their resignations, but continue at their jobs on a "caretaker" basis. Planning Minister Nguyen Van Thoai has expressed his intent to resign following the Bandung conference. Minh, Do, and Thoai--along with non-government critic Phan Huy Quat--are the foremost contenders for the premiership, and their attitude may in part be traceable to personal ambition. The integration of these weverers into the government team appears impossible so long as the Binh Xuyen is in a position to flaunt the central authority with impunity.

Throughout the current crisis Diem has retained a hard core of loyal supporters including, but not limited to, his brothers. These include Justice/Interior Minister Bui Van Thinh and Acting Defense Minister Tran Trung Dung and a number of others within the executive offices of the premier. Information Minister Pham Xuan Thai, one of the Cao Dai representatives in the government, has proved an unexpectedly vigorous proponent of official policy.

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3. Position of Bao Dai

Bao Dai's close adviser Nguyen De told American officials in Paris that Bao Dai has come to believe that Diem must be promptly removed, but rather than taking the initiative, he proposed that France and the US agree on a successor government. Bao Dai envisages an executive council, of which he would be the supreme arbiter. This proposal, coupled with Bao Dai's request that Diem not attend the Bandung conference, makes it clear that once the restraining hand of US support is removed Bao Dai will openly and fully join the "dump Diem" forces. The Binh Xuyen radio last week announced the purported text of a telegram from Bao Dai to the "Committee for Conciliation" expressing approval of that group.

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4. Position of the French

Official French policy remains firmly committed to the view that Diem must be replaced at an early date if civil war is to be averted and an effective government established in South Vietnam. The French are not likely to waver from this position if they feel they are on the verge of achieving their goal. There is evidence that the French are working closely with Bao Dai to this end. Ely has stated that he will not remain in his present post unless Diem is removed.

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French officials in Paris have expressed dissatisfaction with any proposal designed to meet the current impasse which does not involve a "broad reorganization" of the Vietnamese government. All evidence indicates that by this phrase they have in mind the dilution of the Diem government or any successor government with Vietnamese opportunists who have proved themselves amenable to French policy. Despite the apparent unanimity of French officials on this matter, they have shown a strong reluctance to take any action, for example, an approach to Bao Dai, without first obtaining full American approval.

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5. Position of the Viet Minh

The Viet Minh has made no secret of its satisfaction with the Saigon dispute. Its radio has repeatedly urged the sects to overthrow "American puppet" Ngo Dinh Diem. A recent broadcast in this vein was made from Hanoi by a person purporting to be an ex-Binh Xuyen commander.

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25X1 [redacted] a Binh Xuyen spokesman told an American official that the Viet Minh had offered assistance but the offer had been rejected. Some of the persons connected with the "Committee for Conciliation" are of a pro-Viet Minh stripe.

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